

DOCUMENT RESUME

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[The Use of a Decentralized Audit Operation for Performing Reviews of United States Activities Overseas]. ID-77-35; B-188634. April 22, 1977. 3 pp.

Report to Rep. Clement J. Zablocki, Chairman, House Committee on International Relations; by Elmer E. Staats, Comptroller General.

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The advantages and disadvantages of the use of a decentralized audit operation for performing reviews of U.S. activities overseas were investigated. Findings/Conclusions: The General Accounting Office presently has three branches at overseas locations: the European Branch, with 45 professional and 5 support personnel; the Far East Branch, with 40 professional and 6 support personnel; and the Latin American Branch, with 15 professional and 2 support personnel. The permanent staffs overseas are periodically supplemented, when required by workload, with temporary duty personnel from the U.S. Temporary duty personnel join project teams which are composed principally of the experienced overseas staff. The ability to recruit and effectively perform the necessary overseas assignments using temporary duty personnel would be an almost impossible task. The additional cost of maintaining the modest overseas staffs are more than overcome by the producing of audits that are more efficient, effective, and timely than could be expected with a temporary duty approach. The decentralized organization provides quicker and better service on high-priority tasks that have close deadlines; better relations with associate organizations and government officials in the areas covered; improved professional expertise gained from firsthand and continuous experience; and the maintenance of higher employee morale than would be possible operating on a centralized basis. There have been few, if any, disadvantages to maintaining the small overseas staffs. (SC)

01921



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-188834

April 22, 1977

The Honorable Clement J. Zablocki
Chairman, Committee on
International Relations
House of Representatives

Dear Mr. Chairman:

This is in response to your letter of March 22, 1977, regarding the use of a decentralized audit operation for performing reviews of U.S. activities overseas. You stated that, since GAO uses a decentralized audit operation in performing its reviews and evaluations of U.S. activities overseas, you would like to have our views on the advantages and disadvantages of this type of operation.

GAO presently has three branches at overseas locations--the European Branch with 45 professional and 5 support personnel is headquartered in Frankfurt, Germany, and covers audits in Europe, Africa, and the Near East to the eastern border of Iran. The Far East Branch with 40 professional and 6 support personnel is headquartered in Honolulu with a suboffice in Bangkok, Thailand and covers audits of U.S. activities throughout the Pacific Ocean and Asia to the western borders of Afghanistan and Pakistan. The Latin America Branch with 15 professional and 2 support personnel is headquartered in Panama City, Panama, and is responsible for audits in Central and South America, the West Indies and Mexico.

The permanent staffs overseas are periodically supplemented, when required by the workload, with temporary duty personnel selected from our headquarters and regional offices. On the average, we find that as much as 25 staff years of assistance are necessary on a temporary duty basis. The personnel selected for temporary duty join project teams which are composed principally of our experienced overseas staffs in order to maintain the fundamental advantages inherent in resident staffs.

In fiscal year 1976, the 100 professional staff members and the temporary duty supplements performed about 135 different assignments for the International, Logistics and Communications, Procurement and Systems Acquisition, and Federal Personnel and Compensation Divisions. The ability to recruit and effectively perform these assignments overseas using temporary duty personnel only would have, in our opinion, been an almost impossible task. The existence of offices overseas staffed with auditors who have made a personal commitment to live in a foreign climate results in a competence and capability not otherwise obtainable. The permanent staffs overseas are committed to becoming familiar with the customs, language, protocol, and complexities of United States and host-country functions involved in U.S. programs subject to audit. This essential capability would be very difficult to imbue in stateside staffs recruited to perform on a temporary duty basis in an overseas environment.

Further, having staffs available in key locations overseas facilitates the efficient performance of the many assignments. In the absence of overseas offices, it would be necessary to individually recruit and create over 100 individual teams of 2 to 10 auditors to perform the work that is now assigned to the overseas branches. Staffs committed for tours overseas also provide us with necessary insight into local conditions, which enhances the ability of the General Accounting Office to maintain continuous oversight over the many activities conducted overseas.

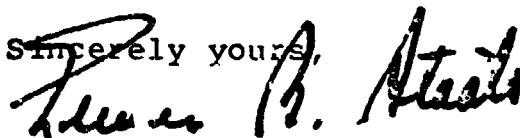
Our experience has been that there have been few, if any, disadvantages to maintaining modest staffs overseas to perform essential assignments. It is a fact that overseas operations are more expensive than performing the assignments on a temporary duty basis with stateside personnel. We firmly believe, however, that this cost is more than overcome with audits that are more efficient, effective, and timely than could be expected from a temporary duty approach.

To summarize, we believe that a decentralized organization provides quicker and better service on high-priority tasks that have close deadlines; better relations with associate organizations and government officials in the areas covered; improved professional expertise gained from firsthand and

continuous experience; and the maintenance of higher employee morale than would be possible operating on a centralized basis.

We would be pleased to discuss in greater detail some of the more general matters discussed above.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Thomas B. Atchley". The signature is written in a cursive style with a large initial "T" and a prominent "A".

Comptroller General
of the United States